No. 14625.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

BILTMORE MUSIC CORPORATION and HERBERT BROWNELL, JR., Attorney General of the United States, as Successor to the Alien Property Custodian,

Appellants,

vs.

ROBERT W. KITTINGER,

Appellee.

Appeal From the United States District Court, Southern District of California, Central Division.

APPELLANT'S REPLY BRIEF.

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Preliminary to a discussion of appellee's points, it should be noted that in two respects its statement of facts, in making categorical assertions, omits vital qualifying facts. He states (at p. 2) that phonograph records of the composition were sold in the United States in 1938, but fails to mention that such sales were made by one having no license or permission from the copyright owner, who was in fact never notified of their manufacture or sale (pp. 40-41).

Similarly, in stating no notice of use had been filed by Ken Griffith on his new arrangement, he fails to mention that a notice of use was filed by Biltmore for the new work, which includes the new arrangement (p. 46), and which was the only authorized mechanical use in this country.

Reply to Appellee's Point One (1).

Appellee argues (p. 12), in support of its interpretation, the possibility otherwise of circumventing Section 1(e) by manufacture of records in a foreign country and shipping them here for sale. The simple answer to this is that if the copyright owner has not authorized such importation, he should not suffer any penalty as a result. The precise question was involved, and so decided, in

> *Heim v. Universal Pictures Co.,* 154 F. 2d 480 (C. C. A. 2d 1946);
>
> *Mills Music, Inc. v. Cromwell Music, Inc.,* 126 Fed. Supp. 54 (S. D. N. Y., 1954).

In the *Heim* case sheet music printed in Hungary without a proper copyright notice had been imported and sold in the United States. The Court of Appeals rejected the argument that copyright was forfeited as a result, saying:

> "The imported copies sold in this country were not shown to have been authorized by the proprietor." (p. 486.)

If the importation and sale had been authorized, the copyright might have been invalidated by the error in the notice (p. 487).

In the *Mills Music* case phonograph records had been authorized in Israel, but imported into this country. Finding the importation unauthorized, the court held that the sale of the records here did not have the effect of forfeiture which an authorized sale would have had (pp. 69-70).

Of no greater validity is appellee's suggestion that foreigners would have greater privileges than citizens (p. 13); the statute, however interpreted, would apply to the place of exercise of the right, not the residence of the owner, and had the copyright owner been a citizen of this country and licensed the mechanical rights existing by virtue of German copyright, he would have no less rights under the American copyright law than the German citizen.

Similarly beside the point is appellee's off-hand suggestion (p. 14) that the Alien Property Custodian should have filed a notice of use when he made his agreement with the J. F. Bard Company.

In the first place, the statute does not require the filing of the notice upon the granting of a license; it requires the filing only upon the use of the work mechanically, whether it be by the copyright owner or by others with his permission or acquiescence. In any event the license involved here is not the act envisaged by section 1(e) as requiring the filing; it is more like the grant of owner-

ship rights where the grantee can exercise or permit others to exercise the rights thereunder.

In the second place, a notice of use was filed—by Biltmore, with respect to the new work. It is conceded that the copyright proprietor of the new work is Biltmore; hence it was the proper one to file.

Lastly, it would seem that Biltmore's filing was adequate compliance with the statute and should inure to the benefit of the proprietor of the basic work, which is included in the new work.

Reply to Point Three (3).

Ignoring our authorities to the effect that an infringing arranger has no protectible property or other right, appellee assumes (p. 15) that by rendering services as a performing artist the infringer has granted a license to use the arrangement. In support he cites only the *Piantodosi* case which has to do with rights of co-owners to license without the consent of the others. Appellee overlooks the necessity of first showing some right in Griffin, and then showing that he purported to license the use, contrary to industry custom or the terms of his union form of contract for services rendered (pp. 42, 52), not for grant of any rights.

Appellee further mis-states appellant's position (p. 16) where he implies that Griffin's property rights are not questioned by Appellant's Opening Brief. Point Two of that brief (p. 18) is devoted to the proposition that the infringing arranger, Griffin, acquired no rights in the arrangement.

Reply to Point Four (4).

Appellee's discussion confuses common law and statutory rights. The former are perpetual in duration; the latter in their creation are limited in time. One may elect not to accept the benefits of statutory copyright and restrict his exercise of his common law rights to those which do not dedicate the work to the public domain.

The fact that the manufacture of records is remunerative does not mean that the exercise of such right forfeits ownership; the exercise of the public performance right, which is, within judicial notice, even more remunerative than the mechanical recordation right, does not (See App. Op. Br. p. 28 *et seq.*) Logic requires that the former have the same consequences as the latter.

Conclusion.

Throughout appellee's brief there is a misconception of the relief which appellants seek in this action. He states, again and again, that the question is whether appellant may recover "statutory royalty" or "royalties" (see, *e. g.* pp. 5-6, 10, 13-14 *et seq.*).

Since the appellee deliberately, and after notice and opportunity to obtain a license to mechanically reproduce, proceeded to manufacture his records without a license and without complying with the statutory provisions which would have entitled him to a compulsory statutory license, he is an infringer. As such, his liability is not limited to the "statutory royalty"; appellant may recover his damages, or appellee's profits, or in lieu thereof the amounts, computed by multiplying the statutory 2¢ royalty as provided in section 1(e) and in section 101(e).

As the question of damage had not been passed upon below, we had assumed that a reversal of the judgment would remit to the district court this computation of the amounts recoverable.

The judgment should be reversed.

Dated: August 18, 1955.

Respectfully submitted,

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